

Electronic Benefit Transfer (EBT) Project



Request for Proposal for EBT Services

Section 7, Cost Proposal

• • • • •
RFP-OSI-0530-204
Addendum #1

June 13, 2007

Table of Contents

7	Cost Proposal.....	1
7.1	Transition Cost.....	1
7.2	Ongoing Operations–Cost per Case Month	2
7.2.1	Best Price CPCM.....	4
7.2.2	CPCM with Onshore Call Centers	4
7.2.3	CPCM with Call Centers in California	4
7.3	ATM Cash Withdrawal Fees	4
7.4	Balance Inquiry Fees	4
7.5	Labor Rates	4
7.6	Additional Languages on the Client Website	5
7.7	Unanticipated Costs.....	5

List of Tables

Table 7.1, EBT Job Classifications.....	5
---	---

List of Exhibits

Exhibit 7.1, EBT Costs	7
------------------------------	---

7 Cost Proposal

Bidders are required to provide a price for each of the following items:

- Transition cost
- Ongoing operations – cost per case month
- ATM cash withdrawal fees
- Balance inquiry fees
- Labor rates
- Additional languages on the client website
- Unanticipated costs for work authorizations

Bidders shall use Exhibit 7.1, EBT Costs, to list their cost or fee for each item. Details for each cost component are provided in the following sections.

7.1 Transition Cost

The bidder must provide its cost for transition. This price must include all costs for, but not limited to:

- Design, development, testing, and implementation of system functionality to meet California EBT requirements.
- All activities associated with preparing for and executing database conversion, including cutover.
- All activities associated with establishing and testing settlement and reconciliation with the counties.
- All activities associated with establishing the ARU/Call Center.
- All activities associated with user training, including training sites.
- All activities associated with establishing a client website.
- Purchase, installation, and testing of telecommunication equipment.
- Purchase, installation, and testing of telecommunication lines.
- Purchase and installation of state and county office EBT card printers.
- Purchase and installation of state and county office PIN selection equipment.
- All retailer conversion activities.
- All deliverables due during the transition period.
- All Contractor responsibilities associated with disaster services.

This cost is a fixed-price cost and may not exceed \$8 million. No additional transition costs will be paid by the state. The bidder shall enter its transition cost in the appropriate cell in Exhibit 7.1, EBT Costs.

7.2 Ongoing Operations – Cost per Case Month

California expects all administrative and ongoing operation costs for the term of the contract to be included in the Cost per Case Month (CPCM). Billing by CPCM will start the day the Contractor's EBT system is accepted by the state.

The CPCM costs include, but are not limited to, the following:

- Account maintenance for all accounts (food stamp only, cash only, combined food stamp and cash).
- Ongoing operations, maintenance, and support of the EBT host and administrative application and all associated deliverables.
- Ongoing maintenance and support of the client Call Center with an ARU and live customer service representatives for all languages supported by the State of California.
- Ongoing maintenance and support of the client website.
- Production, distribution, and issuance of the EBT card, card sleeve, card carrier, and PIN mailer.
- Distribution of client training materials for Contractor-provided card issuance.
- Annual trainer refresher session.
- Payphone fees.
- Transaction fees for the first four (4) cash-only withdrawals each month at either a POS device or an ATM.
- New/replacement card issuance.
- PIN issuance.
- Retailer customer service.
- Retailer telephone line charges.
- Toll-free telephone line and service fees associated with client and retailer helplines.
- Distribution of state-owned POS devices, BIO POS devices, and wireless POS devices.
- Purchase and distribution of Contractor-owned POS devices, BIO POS devices, and wireless POS devices.
- Purchase and installation of additional local office EBT card printers and PIN selection equipment.
- Supply and distribution of printer ribbons and print heads for EBT card printers.
- Purchase and installation of additional telecommunication equipment and telecommunication lines.
- Maintenance and service fees associated with telecommunication lines.

- All ongoing full-time and part-time Contractor staff assigned to conduct maintenance and operations activities.
- All state-owned and Contractor-owned equipment maintenance and relocation.
- All Contractor responsibilities associated with disaster services.

It is important to note that additional equipment (i.e., additional card printing or PIN selection equipment that may be requested by the counties) is included in the CPCM. For planning purposes, Appendix M provides information on the number of embossers, PIN selection devices, and BIO POS in each county. Appendix N provides information of the types and numbers of additional equipment requests made by counties during the current contract period.

No additional billing will be allowed, with the exception of work authorizations jointly agreed to by the state and the Contractor.

The bidder must provide a CPCM for three (3) different types of cases:

- Food Stamp Only Cases – Cases where the client is only receiving food stamp benefits.
- Cash Only Cases – Cases where the client is only receiving cash benefits.
- Combined Food Stamp and Cash Cases – Cases where the client is receiving both food stamp and cash benefit.

The bidder must provide three (3) sets of CPCM pricing to accommodate potential changes in federal or state legislation regarding the location of call centers. The CPCM pricing must include all one-time and recurring costs. These three (3) sets are:

- Best Price CPCM – California does not have any requirements for the physical location of the bidder's primary and back-up call centers within the RFP. The bidder should assume it may locate its primary and back-up call centers in whatever cities, states, or countries it finds most economical and/or desirable. This CPCM should be the bidder's lowest CPCM cost.
- CPCM with Onshore Call Centers – The onshore CPCM should account for primary and back-up call centers whose locations are in the U.S. or District of Columbia.
- CPCM with Call Centers in California – The California CPCM should account for primary and back-up call centers whose locations are in the State of California.

The bidder is advised the CPCM proposed for each set shall not change during the life of the contract with the exception of increases or decreases to the CPCM that may occur as a result of work authorizations jointly agreed to by the state and the Contractor. In addition, the bidder is advised that the CPCM costs for a lower or higher tier will automatically go into effect should the state's caseload move into the next lower or higher tier. Finally, the bidder is advised that the state has the option of moving from the

best price CPCM to the onshore CPCM or California-based CPCM using the work authorization process, at any time during the contract period.

7.2.1 Best Price CPCM

The bidder must provide the Best Price CPCM for each of the three (3) case types for each of the caseload ranges. In addition, the bidder must provide the locations of the proposed primary and back-up call centers. These costs and locations must be entered into the appropriate cells in Exhibit 7.1, EBT Costs.

7.2.2 CPCM with Onshore Call Centers

The bidder must provide the CPCM with onshore primary and back-up call centers for each of the three (3) case types for each of the caseload ranges. In addition, the bidder must provide the locations of the proposed onshore primary and back-up call centers. These costs and locations must be entered into the appropriate cells in Exhibit 7.1, EBT Costs.

7.2.3 CPCM with Call Centers in California

The bidder must provide the CPCM with primary and back-up centers located in California for each of the three (3) case types for each of the caseload ranges. In addition, the bidder must provide the locations of the proposed California-based primary and back-up call centers. These costs and locations must be entered into the appropriate cells in Exhibit 7.1, EBT Costs.

7.3 ATM Cash Withdrawal Fees

The bidder must provide the per transaction fee that will be passed along to clients for the fifth and any subsequent cash withdrawal fees from ATMs in a case month. The maximum allowable cost is \$0.80. The bidder is encouraged to provide a lower rate as a measure of financial relief to California's clients. The fee must be entered into the appropriate cell in Exhibit 7.1, EBT Costs.

7.4 Balance Inquiry Fees

The bidder must provide the per transaction fee that will be passed along to clients for balance inquiries conducted at an ATM. The maximum allowable cost is \$0.25. The bidder is encouraged to provide a lower rate as a measure of financial relief to California's clients. The fee must be entered into the appropriate cell in Exhibit 7.1, EBT Costs.

7.5 Labor Rates

California may elect to have the Contractor provide additional services or make system changes as part of a work authorization. The price for work authorizations will be agreed upon by the state and the Contractor. The bidder must provide the hourly labor rate for each of the listed job classifications in Table 7.1, EBT Job Classifications. No individual labor rate may exceed \$200.00 per hour. The labor rate for each classification must be entered into the appropriate cells in Exhibit 7.1, EBT Costs.

Bidders should be aware that these job classifications are for those staff beyond key staff already proposed. These rates will be the maximum rate the Contractor will be paid for each of the job classifications. The Contractor will be required to use these job classifications and labor rates for work authorizations.

TABLE 7.1, EBT JOB CLASSIFICATIONS

Classification
Project Manager
Technical Manager
Systems Analyst
Programmer
Business Analyst
Administrative Support

Note: Full-time contractor staff assigned to the EBT contract cannot bill additional hours for work authorizations.

7.6 Additional Languages on the Client Website

The requirements in this RFP for the client website mandate that English and Spanish be provided on the client website. The state may wish to have the client website support additional languages. The bidder must provide the one-time cost for adding each language on the client website. The cost must be entered into the appropriate cell in Exhibit 7.1, EBT Costs.

7.7 Unanticipated Costs

Unanticipated costs refer to costs related to work authorizations. For this procurement, the state is allowing ten (10) percent of the estimated contract value for unanticipated costs. The bidder must enter the amount for unanticipated costs into the appropriate cell in Exhibit 7.1, EBT Costs.

Unanticipated costs are not considered guaranteed monies. Bidders should not assume that these monies will be used during the course of the contract term. These monies can only be used for approved work authorizations.

To calculate the estimated contract value, bidders must use the following formula:

$$75,600,000 \times \text{Bidder Combined Food Stamp and Cash Best Price CPCM} = \text{Estimated Bidder Contract Value}$$

The number 75,600,000 is derived by multiplying a caseload of 900,000 cases per month by the term of the contract (84 months [seven-year base contract]). The caseload of 900,000 is used only for evaluation purposes.

To calculate unanticipated costs, bidders should use the following formula:

$$\text{Estimated Bidder Contract Value} \times .10 = \text{Bidder Unanticipated Costs}$$

EXHIBIT 7.1, EBT COSTS**EBT Costs**

The bidder must provide the CPCM for each case type and caseload range as shown below. The caseload range is the total unduplicated case count for all case types.

Best Price CPCM			
Caseload Range	Food Stamp Only CPCM	Cash Only CPCM	Combined Food Stamp and Cash CPCM
1,000,000 – Up			
600,000 – 999,999			
0 – 599,999			
Best Price Primary Location:			
Best Price Backup Location:			
CPCM with Onshore Primary and Back-Up Call Centers			
Caseload Range	Food Stamp Only CPCM with Onshore Call Center	Cash Only CPCM with Onshore Call Center	Combined Food Stamp and Cash CPCM with Onshore Call Center
1,000,000 – Up			
600,000 – 999,999			
0 – 599,999			
Onshore Primary Location:			
Onshore Backup Location:			
CPCM with California-Based Primary and Back-Up Call Centers			
Caseload Range	Food Stamp Only CPCM with California Call Center	Cash Only CPCM with California Call Center	Combined Food Stamp and Cash CPCM with California Call Center
1,000,000 – Up			
600,000 – 999,999			
0 – 599,999			
California-Based Primary Location:			
California-Based Backup Location:			

EXHIBIT 7.1, EBT COSTS (CONTINUED)

Transition	
Cost Component	Cost
Transition	
ATM Cash Withdrawal Fee	
Cost Component	Cost
ATM Cash Withdrawal Fee	
Balance Inquiry Fee	
Cost Component	Cost
Balance Inquiry Fee	
Labor Rates for Additional Tasks	
Classification	Rate
Project Manager	
Technical Manager	
Systems Analyst	
Programmer	
Business Analyst	
Administrative Support	
Adding a Language to the Client Website	
Cost Component	Cost
Add Language to the Client Website	
<u>Unanticipated Costs</u>	
<u>Cost Component</u>	<u>Cost</u>
<u>Unanticipated Costs for Work Authorizations</u>	

INSTRUCTIONS FOR COMPLETING EXHIBIT 7.1, EBT COSTS

The bidder must enter all costs in the table below and include it with its cost proposal.

Best Price CPCM			
Caseload Range	Food Stamp Only CPCM	Cash Only CPCM	Combined Food Stamp and Cash CPCM
1,000,000 – Up	For each cell, enter the price.		
600,000 – 999,999			
0 – 599,999			
Best Price Primary Location		Enter the location of the Best Price primary call center.	
Best Price Backup Location		Enter the location of the Best Price backup call center.	
CPCM with Onshore Primary and Back-Up Call Centers			
Caseload Range	Food Stamp Only CPCM with Onshore Call Center	Cash Only CPCM with Onshore Call Center	Combined Food Stamp and Cash CPCM with Onshore Call Center
1,000,000 – Up	For each cell, enter the price.		
600,000 – 999,999			
0 – 599,999			
Onshore Primary Location		Enter the location of the Onshore primary call center.	
Onshore Backup Location		Enter the location of the Onshore backup call center.	
CPCM with California-Based Primary and Back-Up Call Centers			
Caseload Range	Food Stamp Only CPCM with California Call Center	Cash Only CPCM with California Call Center	Combined Food Stamp and Cash CPCM with California Call Center
1,000,000 – Up	For each cell, enter the price.		
600,000 – 999,999			
0 – 599,999			
California-Based Primary Location		Enter the location of the California-based primary call center.	
California-Based Backup Location		Enter the location of the California-based backup call center.	

INSTRUCTIONS FOR COMPLETING EXHIBIT 7.1, EBT COSTS (CONTINUED)

The bidder must enter all costs in the table below and include it with its cost proposal.

Transition	
Cost Component	Cost
Transition	Enter the transition cost.
ATM Cash Withdrawal Fee	
Cost Component	Cost
ATM Cash Withdrawal Fee	Enter the ATM cash withdrawal fee amount.
Balance Inquiry Fee	
Cost Component	Cost
Balance Inquiry Fee	Enter the balance inquiry fee amount.
Labor Rates for Additional Tasks	
Classification	Rate
Project Manager	For each classification, enter the labor rate.
Technical Manager	
Systems Analyst	
Programmer	
Business Analyst	
Administrative Support	
Adding a Language to the Client Website	
Cost Component	Cost
Add Language to the Client Website	Enter the one-time cost to add a language to the client website.
Unanticipated Costs	
Cost Component	Cost
Unanticipated Costs for Work Authorizations	Enter the cost for unanticipated costs.